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SUBJECT: BUSINESS AND INVESTMENT MEETINGS KICK OFF
ASEAN-RELATED SUMMIT MEETINGS

REF: SINGAPORE 2052

11. (SBU) Summary: The ASEAN Business and Investment Summit, hosted by the ASEAN Business Advisory Council (ASEAN-BAC), was held in Singapore November 16-18 as the curtain raiser for a cycle of ASEAN-related summit meetings that will continue through November 22 (see official summit program, para 10). The main events include the 13th ASEAN Summit, which will feature the signing of the ASEAN charter (reftel), the ASEAN Plus 3 Summit (including ASEAN plus China, Japan and South Korea), and the East Asia Summit (including the ASEAN Plus 3 and India, Australia and New Zealand. A key theme of eminent persons, ministers, and leaders who addressed the ASEAN-BAC was the need for the business community to press for ASEAN integration and provide feedback on next steps. Officials acknowledged that integration has until now been a "top-down" process, and said governments must continue to educate the private sector and public to show the advantages of ASEAN integration. In public remarks touching on Burma, Singapore PM Lee Hsien Loong said no one in Asia supports sanctions, while Singapore FM George Yeo said East Asian Summit Leaders, building around a core ASEAN position, should come out with a statement to support Gambari and the process of national reconciliation in Burma and call for a time-bound road to democracy. End summary.

Business and Investment Summit

12. (U) The first event in the cycle of ASEAN-related summits in Singapore over a seven-day period concluding November 22 was the ASEAN Business and Investment Summit, hosted by the ASEAN Business Advisory Council (ASEAN-BAC) on November 16-18. ASEAN-BAC is comprised of prominent business people from ASEAN member nations. CDA and Emboffs attended various sessions of the summit along with business leaders and invited members of the diplomatic corps, academia and media. The summit featured sessions with representatives of: the Eminent Persons Group (EPG) that guided the drafting of ASEAN's new Charter; ASEAN Economic Ministers (AEM); and ASEAN heads of government.

13. (U) Representing the EPG were former Malaysian Deputy Prime Minister Tun Musa Hitam, former Indonesian Foreign Minister Ali Alatas, and ASEAN Secretary General Ong Keng Yong. Acknowledging ASEAN's reputation as a "talk shop" and that the Charter may be greeted with "cynicism," Musa contrasted ASEAN's history of with that of the European Union

and argued that the draft Charter was the best that could be achieved given ASEAN members different stages of development.

He stressed that the Charter was a living document that would be strengthened over time and called on the business community to put pressure on governments to push further integration. Describing himself as a "hard-liner," Musa admitted that he would have preferred stronger mechanisms to ensure "compliance" among members with their ASEAN commitments. He applauded the ASEAN Chairman's strong September 27 statement on Burma and suggested the Charter could eventually be useful for encouraging positive change in Burma.

¶4. (U) Alatas also highlighted ASEAN's unique history, arguing that the organization had done much to build confidence and preserve peace among highly nationalistic and mutually suspicious post-colonial states. The "ASEAN way," (i.e. consensus) had served ASEAN well in building a sense of unity among states that knew little about one another forty years ago. Alatas warned, however, that unless the ASEAN developed "greater flexibility" in its decision-making, it would continue to be a "lowest common denominator" organization. He said ASEAN was "saddled with" the Burma problem, whose resolution would take time, patience, and combination of "understanding and firmness."

¶5. (U) Ong said the Charter would help ASEAN integration, and said the organization would "do more" with further revisions. In response to a question, he provided an upbeat assessment of prospects for ASEAN economic integration by the 2015 target date, saying the 2010 tariff reduction program was almost complete. He acknowledged that the newer ASEAN members were struggling to keep up tougher issues such as

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services. Both Musa and Alatas described themselves as former cynics on economic integration, but said they are now more optimistic, in part because competition from China and India would force ASEAN to do more. Musa flagged movement of people as particularly sensitive issue that leaders would have to handle with care.

¶6. (U) In the Economic Minister's session, Singapore Minister for Trade and Industry Lim Hng Kiang outlined ASEAN's blueprint for achieving the ASEAN Economic Community (AEC) by 2015, which will also be launched during the ASEAN summit meeting. Lim described four "pillars" of the blueprint: free movement of goods, services, and investments, increased competition, more equitable development, and plans for plugging into the global trade systems. He described the free movement issue as "well underway," and noted that tariffs should be eliminated by 2010. Businesses now needed to help ASEAN governments identify non-tariff measures, he said. ASEAN nations had already signed mutual recognition treaties related to engineering and nursing qualifications. Lim said he hoped agreements for other fields would soon be concluded. ASEAN still faced challenges concerning competition policies and infrastructure, according to Lim. Regarding the Doha round, he told the audience he was disappointed that the U.S. business community had not "educated" Congress to its importance. Businesses had done a much better job with past rounds, he said.

¶7. (U) Cambodia's Minister of Commerce Cham Prasidh said that competition policies and differing levels of development were large hurdles to overcome. Cham opined that after forty years, ASEAN was still only loosely integrated and, as a result, stood to lose out to China and India. ASEAN now needed a "rules-based community," and the blueprint was the document that would serve as a guide. It was important not to forget less developed ASEAN nations, he said. Cambodia and Laos could not compete with Singapore and Thailand's high technology sectors but still had much to offer in labor intensive industries. Cham said Cambodia's primary advantage lay in its flexibility. His country had no vested interests and could quickly adopt new systems and technologies.

18. (U) Indonesia's Minister of Trade Mari Elka Pangestu emphasized the challenge posed by India and China. She stressed the importance of streamlining paperwork and increasing transparency in order to improve ASEAN's efficiency. It was important for ASEAN governments to increase their domestic industries' level of confidence about opening their economies. Domestic strategies to boost the ability of firms to compete on an international level were also necessary. She acknowledged that tax and customs officials needed to increase their levels of professionalism and asked the business representatives in the audience to refrain from paying bribes. Pangestu said that Indonesia was identifying "islands of excellence" within its civil service, and using those offices as examples. She agreed with Lim that Doha was not dead and said she was "reasonably optimistic" about the process. Doha participants were now waiting for enough "convergence" to bring their ministers back to the table, possibly in the first quarter of 2008. Looming U.S. protectionism was less of a threat to Indonesia than the overall state of the world economy, she said.

Burma

19. (SBU) In public remarks touching on Burma, Singapore PM Lee Hsien Loong said no one in Asia supports sanctions. Singapore FM George Yeo said the key will be for the ASEAN Leaders to arrive at a common position and then for East Asian Summit Leaders, building around the core ASEAN position, to come out with a statement to support Gambari and the process of national reconciliation in Burma and call for a time-bound road to democracy.

Program for Summit Meetings

19. (U) Following is the program for the remaining ASEAN-related summit meetings:

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November 18

--ASEAN Standing Committee Preparatory Meeting

November 19

--Presentation to the ASEAN Foreign Ministers on the ASEAN Charter by the High Level Task Force

November 20

--13th ASEAN Summit (Plenary and Retreat)
--11th ASEAN Plus 3 Summit
--11th ASEAN-China Summit

November 21

--11th ASEAN-Japan Summit
--11th ASEAN-ROK Summit
--6th ASEAN-India Summit
--3rd East Asia Summit (Plenary and Retreat)

November 22

--Meeting between ASEAN Chair and EU Troika
--ASEAN-EU Commemorative Summit

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